

DECISION MEMORANDUM

**TO: COMMISSIONER KEMPTON
COMMISSIONER SMITH
COMMISSIONER REDFORD
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

**FROM: SCOTT WOODBURY
DEPUTY ATTORNEY GENERAL**

DATE: JULY 29, 2009

**SUBJECT: CASE NO. IPC-E-09-18 (Idaho Power)
FIRM ENERGY SALES AGREEMENT – IDAHO POWER/CAMP REED
WIND PARK LLC**

On July 17, 2009, Idaho Power Company (Idaho Power; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting approval of a 20-year Firm Energy Sales Agreement between Idaho Power and Camp Reed Wind Park LLC (Camp Reed) dated July 9, 2009 (Agreement).

AGREEMENT

Camp Reed proposes to design, construct, install, own, operate and maintain a 22.5 megawatts (MW) wind generating facility. The Camp Reed facility will be located near Hagerman, Idaho. Camp Reed warrants the facility will be a qualified small power production facility (QF) under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA). Agreement ¶ 3.2.

The Application states that the Agreement comports with the terms and conditions of the various Commission Orders applicable to PURPA agreements for wind resources. Order Nos. 30415 (daily load shape adjustment), 30488 (wind integration adjustment; Mechanical Available Guarantee), 30738 (SAR non-fuel cost variables), and 30744 (published avoided cost rates). The Agreement contains levelized published avoided cost rates as currently established by the Commission for energy deliveries of less than 10 aMW. Agreement Article VII. The Agreement includes the various security requirements required by the Commission for levelized agreements (i.e.,

debt service reserve account (§ 19.3.2), maintenance reserve account (§ 4.19), second lien requirements (§ 4.1.10), and an expanded list of required insurances (§ 13.2)).

The nameplate rating of the facility is 22.5 MW. Under normal and/or average conditions, the facility will not exceed 10 aMW on a monthly basis. Should the facility exceed 10 aMW on a monthly basis, Idaho Power will accept the energy (Inadvertent Energy) that does not exceed the maximum capacity amount; however the Company will not purchase or pay for this Inadvertent Energy. § 7.5. Camp Reed has selected September 30, 2010, as both the scheduled First Energy Date and the Scheduled Operation Date. Appendix B-3.

As reflected in the Application, this is one of the first PURPA wind agreements executed since the issuance of Commission Order No. 30488, which requires the inclusion of the Mechanical Availability Guarantee (MAG) (§ 6.4), wind integration cost reduction (§ 7.1), and wind forecasting cost sharing (Appendix E). In addition, the Agreement contains provisions for delay liquidated damages (§ 5.3) and associated delay security (§ 5.7) to secure the established scheduled operation date of September 30, 2010.

Agreement § 21 provides that the Agreement will not become effective until the Commission has approved all of the Agreement's terms and conditions and declares that all payments Idaho Power makes to Camp Reed for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes.

Idaho Power requests that its Application be processed pursuant to Modified Procedure, i.e., by written submission rather than by hearing. IDAPA 31.01.01.201-204.

COMMISSION DECISION

Commission Staff recommends that the Application in Case No. IPC-E-09-18 be processed pursuant to Modified Procedure, i.e., by written submission rather than by hearing. Reference IDAPA 31.01.01.201-204. Does the Commission agree with the recommended procedure?



Scott Woodbury
Deputy Attorney General

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